



STATE OF HAWAII
DEPARTMENT OF HUMAN SERVICES
P. O. Box 339
Honolulu, Hawaii 96809-0339

February 6, 2012

MEMORANDUM

TO: The Honorable John M. Mizuno, Chair
House Committee on Human Services

FROM: Patricia McManaman, Director

SUBJECT: **H.B. 2685 - RELATING TO HUMAN SERVICES**

Hearing: Monday, February 6, 2012; 8:30 a.m.
Conference Room 329, State Capitol

PURPOSE: The purpose of this bill is to raise the asset limit for public assistance program eligibility from \$5,000 to \$10,000.

DEPARTMENT'S POSITION: The Department of Human Services (DHS) appreciates the intent of this bill. A change in the asset limit may affect all assistance programs that the Department administers. DHS proposes to submit a report to the Legislature, before the start of the Legislative Session next year, evaluating the current asset limits with recommendations for change(s) where appropriate.

Thank you for the opportunity to provide comments on this bill.



HB2685
RELATING TO HUMAN SERVICES
House Committee on Human Services

February 6, 2012

8:30am

Conference Room 329

The Office of Hawaiian Affairs (OHA) **SUPPORTS** HB2685 which would increase the asset limit qualification for public assistance programs from \$5,000 to \$10,000 to allow families to accumulate assets and improve their financial conditions. OHA included similar legislation (HB1987 and SB2178) in our 2012 Legislative Package that would raise the asset limit to \$15,000.

Hawai'i's high cost of living has a significant impact on the families in our society who are struggling to make ends meet. As a last resort, these families often end up relying on public assistance to sustain their basic needs. Currently, public assistance programs limit eligibility to those who have few or no assets. Unfortunately, such asset limits provide an incentive for individuals to divest themselves of assets and a disincentive to accumulate assets. This is problematic, as families need assets to avoid and escape poverty and become self-sufficient.

While we would prefer to see the current asset limit raised higher than what HB2685 proposes, we still support any improvement to the status quo. Increasing the asset limit for those who receive public assistance would encourage families to save. It also encourages low income families to build and maintain a safety net to bridge their way to self-sufficiency and prevent both job loss and the return to public assistance.

Therefore, OHA urges the committee to PASS HB2685. Mahalo nui for the opportunity to testify on this important measure.

Testimony for HUS 2/6/2012 8:30:00 AM HB2685

Conference room: 329

Testifier position: Support

Testifier will be present: No

Submitted by: Annie Au Hoon

Organization: Individual

E-mail: info@schha.com

Submitted on: 2/3/2012

Comments:

Testimony for HUS 2/6/2012 8:30:00 AM HB2685

Conference room: 329

Testifier position: Support

Testifier will be present: Yes

Submitted by: Scott Wall

Organization: Individual

E-mail: robertscottwall@yahoo.com

Submitted on: 2/4/2012

Comments:

Testimony for HUS 2/6/2012 8:30:00 AM HB2685

Conference room: 329

Testifier position: Support

Testifier will be present: No

Submitted by: Brenda Kosky

Organization: Individual

E-mail: Brenda.Kosky@gmail.com

Submitted on: 2/4/2012

Comments:

Please pass this Bill.

Testimony for HUS 2/6/2012 8:30:00 AM HB2685

Conference room: 329

Testifier position: Support

Testifier will be present: No

Submitted by: Annie Au Hoon, President

Organization: KHHCA

E-mail: info@schha.com

Submitted on: 2/5/2012

Comments:

UNIVERSITY OF HAWAII

Bridge to Hope
Serving UH Welfare Recipient Students

TO: Committee on Human Services
Rep. John Mizuno Chair
Rep. Jo Jordan Vice-Chair

FROM: Teresa Bill, Bridge to Hope Coordinator (956-8059)

RE: Testimony **Strongly SUPPORTING HB2685**, Relating to Human Services
Mon. Feb 6, 2012
8:30 a.m. Conference Room 329

I am Teresa Bill, testifying in **strong support of HB2685** raising asset limits for TANF/TAONF public assistance to \$10,000. I am the coordinator of a UH program called Bridge to Hope that supports TANF participants in their pursuit of higher education as a means of economic self-sufficiency. However my testimony is not the official testimony of the University.

Raising asset limits for cash to \$10,000 is a good first step, although I would suggest a friendly amendment to Section 2 (3) indexing the asset limit annually for inflation to ensure that the financial threshold is maintained and not eroded by inflation. Adjusted for inflation, the \$5,000 asset limit established in 1996 for Hawaii's "TANF" program is worth only \$3,500 in 2011. When TANF was initiated, rules were implemented to deter complete loss of all savings; we need to adjust the figure to maintain the intent to keep savings an option for families to re-build economically. This bill is needed and conservatively increases the Asset Limits for cash to \$10,000.

As HB2685 indicates, many families are forced to spend every shred of "emergency savings" they might have in order to qualify for public assistance. This forced spending and withholding of financial assistance (and foodstamps) until a family has lost everything contradicts every tenet of family financial stability. Once the family gains access to the public assistance program, they are then encouraged to begin building a path to "economic self-sufficiency" - often that includes rebuilding savings as a buffer against unexpected loss of jobs, car repair, etc. It is an unfortunate occurrence when a family must choose between initiating a savings plan and participating in TANF, whose stated goal is to encourage economic self-sufficiency; which reasonably includes emergency savings.

I was a member of the Hawaii State Asset Building and Financial Education Taskforce which submitted its report to the State Legislature in January 2010. This report recommended a "cash savings asset limit that is equivalent to the self sufficiency standard established for specific family size multiplied by three months, (the minimum recommended "emergency savings"). Additionally, this asset test based on family size needs to be indexed for inflation" (pg. 32).

The 2009 Self-Sufficiency Income Standard published by DBEDT in Dec 2011, calculates that a family of 4 with 2 adults and 2 children requires \$61,395 dollars a year to be self-sufficient, meaning not receiving any private or public subsidies (pg. 5). That is about \$5,100 per month. Raising the asset test to \$10,000 would give families at least 2-3 months of expenses. This is what is recommended for all families to save to provide a cushion from unemployment or other unexpected loss of income. Our poorest families particularly need emergency savings.

I urge you to **support (HB2685)** and give Hawaii families the ability to secure minimal public assistance without draining all resources.

Thank You

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